
# Physician services: assessing payment adequacy and updating payments

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# Overview

- Update on physician practice expense survey
- Evaluate adequacy of current payments
  - Indicators
    - Beneficiary survey on access to physicians
    - Physician surveys and physician supply
    - Service volume
    - Ambulatory care quality
- Review expected cost changes
- Consider draft recommendation and areas for further analysis

# CMS uses practice cost data from surveys to set practice expense RVUs

- CMS uses cost data from surveys to calculate indirect PE RVUs
- Cost data are newer for some specialties than others
- CMS needs more recent practice cost data for all specialties to set accurate PE RVUs

# Current survey effort

- AMA and specialty societies fielded new survey in April 2007
- CMS has agreed to purchase data
- Initially targeted 50% response rate
- As of September, 5% response rate

# Current survey effort (cont.)

- AMA retooled survey to increase response rate
  - Extended field period through 2008
  - Eliminated questions
  - Selected new contractor
- New targets
  - 20% response rate
  - About 100 completed surveys per specialty
  - Meet CMS precision criteria for supplemental surveys

# Questions about current survey

- What if new targets can not be met?
- If targets are met, will sample be representative?
- Options
  - Use existing survey (e.g., MGMA, supplemental surveys) to validate AMA survey
  - If AMA survey does not succeed, consider mandatory data collection (sample or all providers)

# Beneficiary survey on access to physician services

- Provides current information on access
  - Survey fielded August-September 2007
- Nationally representative sample
  - Sample includes Medicare beneficiaries age 65+ and privately-insured persons age 50-64
  - Includes fee-for-service and managed care enrollees

# Most beneficiaries are able to get timely appointments

| | Medicare (65 and older) | | | Privately insured (age 50-64) | | |
|---|---|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2005 | 2006 | 2007 |
| **Routine care delays** | | | | | | |
| Never | 74% | 75% | 75%[a] | 67% | 69% | 67%[a] |
| Sometimes | 21 | 18 | 18[a] | 25 | 21 | 24[a] |
| Usually | 3 | 3 | 3 | 5 | 5 | 4 |
| Always | 2 | 3 | 3 | 3 | 4 | 3 |
| **Illness or injury delays** | | | | | | |
| Never | 82 | 84 | 82[a] | 75 | 79 | 76[a] |
| Sometimes | 15 | 11 | 13[a] | 19 | 15 | 17[a] |
| Usually | 1 | 2 | 3 | 3 | 2 | 3 |
| Always | 1 | 1 | 2 | 2 | 2 | 3 |

Note: Numbers may not sum to 100% due to rounding. Missing responses ("Don't Know" or "Refused") are not presented. For the 2007 survey, n = 4,061 (2,036 Medicare; 2,025 privately insured). For the 2006 survey, n = 4,029 (2,005 Medicare; 2,024 privately insured). For the 2005 survey, n = 4,021 (2,012 Medicare; 2,009 privately insured). Samples include FFS and managed care enrollees.

[a] Indicates a statistically significant difference between the Medicare and privately insured populations at a 95% confidence level.

Source: MedPAC-sponsored telephone surveys, conducted August-September 2005, 2006, 2007.

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# Most beneficiaries are able to find new physicians

| | Medicare (65 and older) | | | Privately insured (50-64) | | |
|---|---|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2005 | 2006 | 2007 |
| **Primary care physician** | | | | | | |
| No problem | 75% | 76% | 70%[a] | 75% | 75% | 82%[a] |
| Small problem | 12 | 10 | 12 | 16 | 15 | 7 |
| Big problem | 13 | 14 | 17 | 9 | 10 | 10 |
| **Specialist** | | | | | | |
| No problem | 89 | 80 | 85 | 86 | 83 | 79 |
| Small problem | 6 | 7 | 6 | 7 | 9 | 11 |
| Big problem | 5 | 11 | 9 | 6 | 7 | 10 |

Note: Numbers may not sum to 100% due to rounding. Missing responses ("Don't Know" or "Refused") are not presented. For the 2007 survey, primary care physician n = 353 (165 Medicare and 188 privately insured) and specialist n = 626 (304 Medicare and 322 privately insured). For the 2006 survey, primary care physician n = 394 (197 Medicare and 197 privately insured) and specialist n = 699 (309 Medicare and 390 privately insured). For the 2005 survey, primary care physician n = 329 (155 Medicare and 174 privately insured) and specialist n = 769 (353 Medicare and 416 privately insured). Samples include FFS and managed care enrollees.

[a] Indicates a statistically significant difference between the Medicare and privately insured populations at a 95% confidence level.

Source: MedPAC-sponsored telephone surveys, conducted August-September 2005, 2006, 2007.

# Most physicians in 2006 were accepting all or most Medicare patients

- National Ambulatory Medical Care Survey (NAMCS)
  - About 80% of all office-based physicians accepting new Medicare patients – same as non-capitated private pay
  - 93% of physicians with ≥10% practice revenue from Medicare accepting new Medicare patients
  - Rates have remained stable over 2004 – 2006 surveys
- MedPAC survey (2006)
  - 80% of physicians accepting “all” or “most” Medicare patients – comparable rate for private, non-HMO was 85%
  - Indicated slightly lower rate for non-proceduralists (primary care specialties) than proceduralists and surgeons

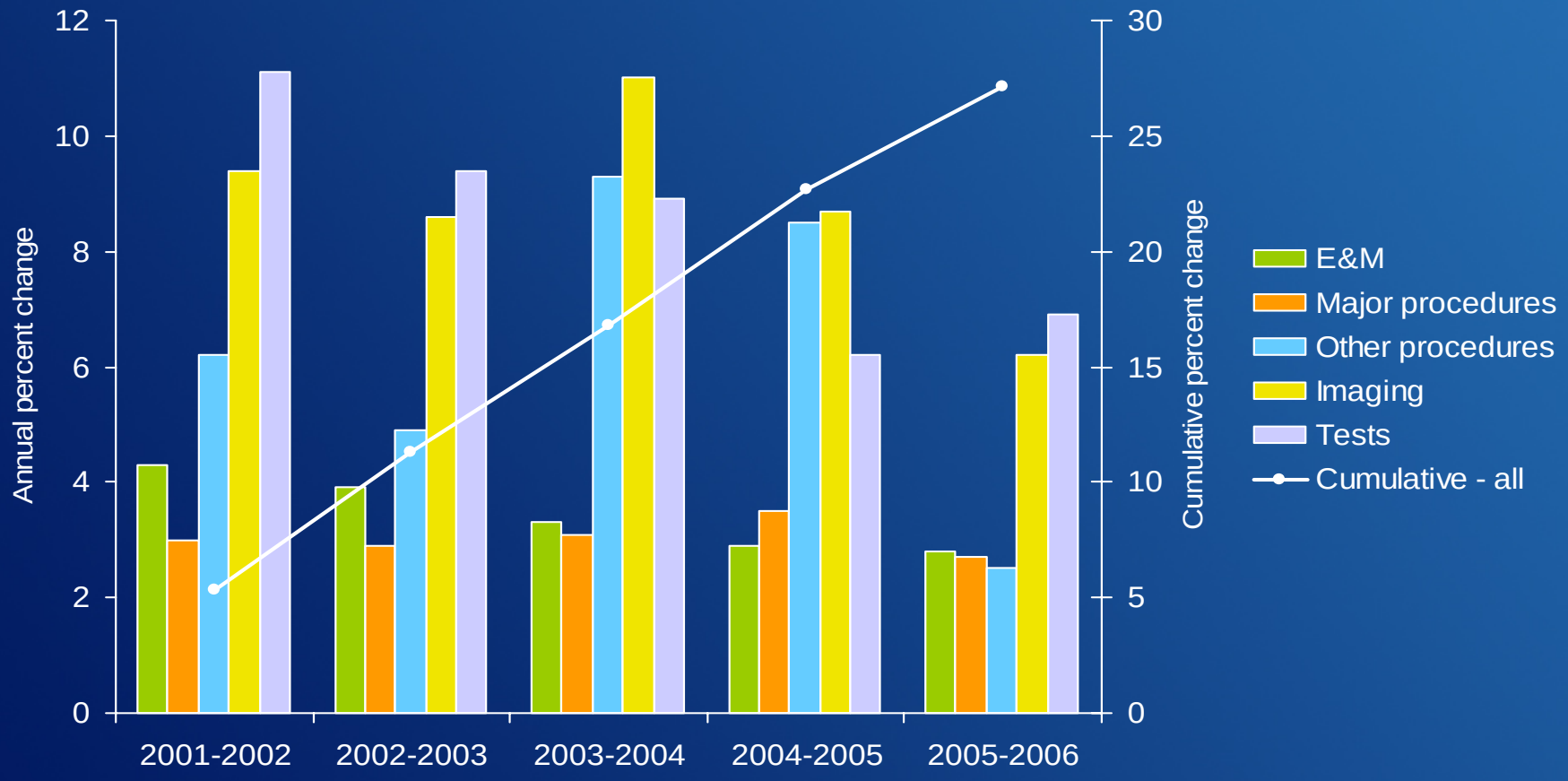
# Number of physicians billing Medicare has kept pace with Medicare enrollment

| | Number of Medicare patients in physician's caseload | | | |
|---|---|---|---|---|
| | ≥15+ | ≥ 50+ | ≥ 100+ | ≥ 200+ |
| **Physicians per 1,000 beneficiaries** | | | | |
| **2001** | 12.1 | 10.9 | 9.7 | 7.6 |
| **2002** | 12.3 | 11.0 | 9.7 | 7.7 |
| **2003** | 12.2 | 11.0 | 9.7 | 7.6 |
| **2004** | 12.4 | 11.3 | 10.1 | 8.1 |
| **2005** | 12.4 | 11.3 | 10.1 | 8.1 |
| **2006** | 12.3 | 11.3 | 10.1 | 8.0 |

Note: Calculations include physicians (allopathic and osteopathic). Nurse practitioners, physician assistants, psychologists, and other health care professionals are not included in these calculations. Medicare enrollment includes beneficiaries in fee-for-service Medicare and Medicare Advantage, on the assumption that physicians are providing services to both types of beneficiaries. Physicians are identified by their Unique Physician Identification Number (UPIN). UPINs with extraordinarily large caseload sizes (in the top 1 percent) are excluded because they may represent multiple providers billing under the same UPIN.

Source: MedPAC analysis of Health Care Information System data from CMS.

# Continued growth in the use of physician services per beneficiary, 2001-2006




E&M = Evaluation and management.
Source: MedPAC analysis of claims for 100 percent of Medicare beneficiaries.

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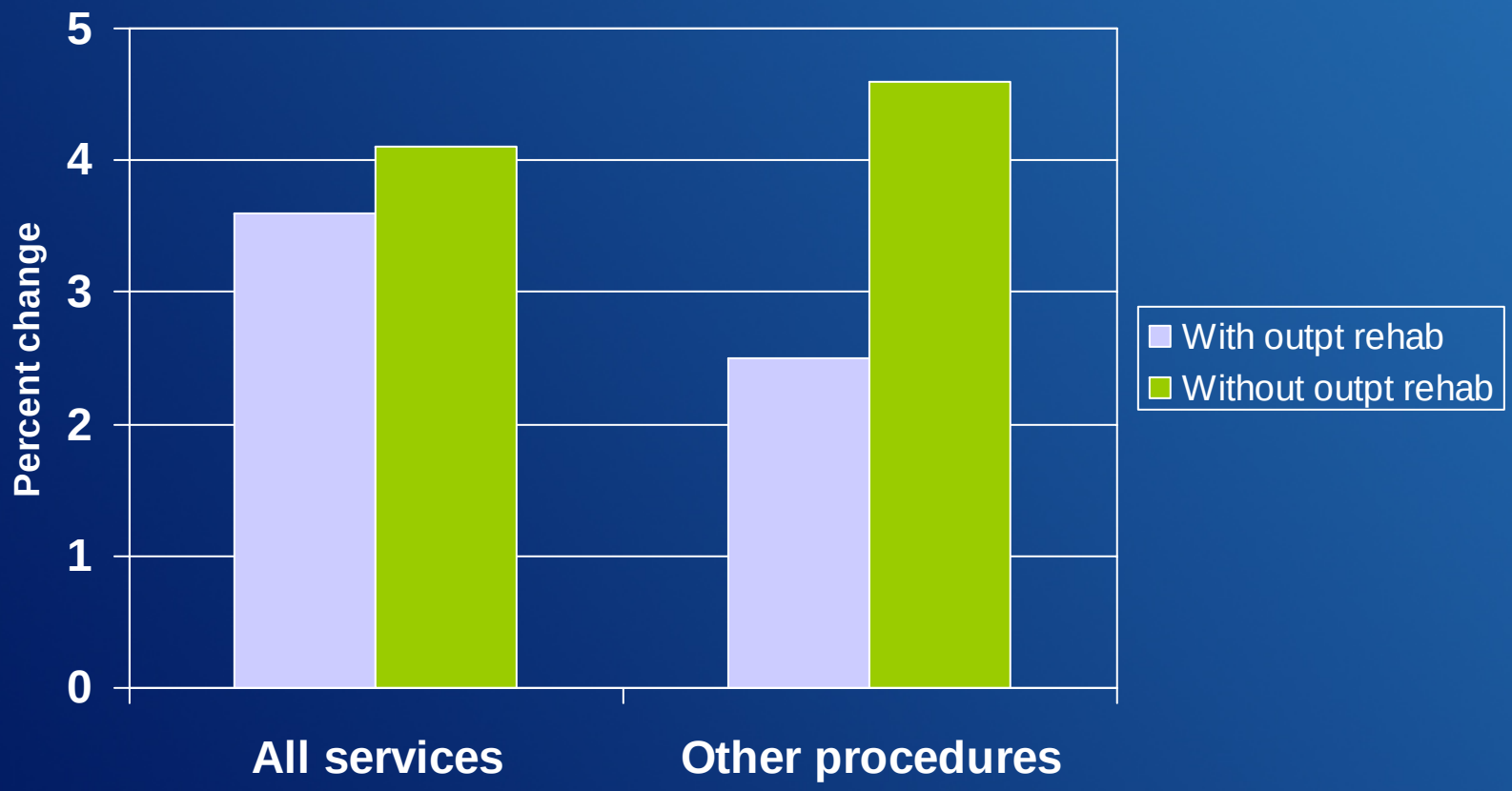
# Decrease in use of outpatient rehabilitation affects growth rates, 2005-2006




Source: MedPAC analysis of claims for 100 percent of Medicare beneficiaries.

# Reviewing work RVUs for high-growth services

| Service | Average annual increase in allowed charges 2001-2006 | First year in fee schedule (no subsequent review) |
|---|---|---|
| Prostatic microwave thermotherapy | 55% | 1998 |
| Injection, anesthetic or steroid | 43% | 2000 |
| Sleep testing, polysomnography | 37% | 1998 |

Eligible services had allowed charges of at least $10 million in 2001.

Source: Fee schedule proposed and final rules, MedPAC analysis of 100% claims data.

# Measuring resource use and providing feedback

- Research on geographic variation in use of services
  - "Paradox of plenty"
  - In regions with high service use:
    - Quality of care is no better, may be worse
    - Beneficiary satisfaction with care is not better
- MedPAC recommendation (March 2005)
  - Measure physicians' resource use
  - Provide feedback on confidential basis

# Quality measures: Medicare Ambulatory Care Indicators for the Elderly (MACIEs)

- Designed to reflect indicated standards of care for common medical diagnoses for the elderly
- Result of clinical expert panel review of ACE-PROs
- Measures the share of beneficiaries who:
  - Received clinically necessary services for their diagnosis
  - Had potentially avoidable hospitalizations related to their diagnosis
- Uses Medicare claims data

# Most quality indicators are stable or show improvement from 2004 to 2006

| | Number of indicators | | | |
|---|---|---|---|---|
| **Indicators** | **Improved** | **Stable** | **Worsened** | **Total** |
| ALL | 21 | 11 | 6 | 38 |
| Anemia | 2 | 2 | 0 | 4 |
| CAD | 2 | 2 | 0 | 4 |
| Cancer | 3 | 1 | 3 | 7 |
| CHF | 5 | 2 | 1 | 8 |
| COPD | 0 | 1 | 1 | 2 |
| Depression | 0 | 1 | 0 | 1 |
| Diabetes | 5 | 1 | 1 | 7 |
| Hypertension | 1 | 0 | 0 | 1 |
| Stroke | 3 | 1 | 0 | 4 |

Source: MedPAC analysis of Medicare Ambulatory Care Indicators for the Elderly (MACIE) from the Medicare 5 percent Standard Analytic Files.

# Current forecast of cost changes expected in 2009

- Input price inflation: 2.7%*
  - Physician work: 2.9%
  - Physician practice expense: 2.5%
- Productivity growth: 1.5%

* These input cost forecasts exclude productivity adjustments that are integrated into CMS's publicly released Medicare Economic Index (MEI); thus, they are higher than the MEI.

# Improving access to primary care services: Future work

- Identifying misvalued services
- Payment for care coordination and “medical home”
- Performance measurement, including Maintenance of Certification
- Alternative methods of calculating work RVUs
- Other areas:
  - Physician workforce
  - SGR options